

Impacts of HB 1829

On May 20, 2003 Governor Gary Locke approved portions of Substitute House Bill 1829, which will impact King County employees who participate in, or have retired from Public Employees' Retirement System (PERS) Plan 1. The bill:

- Sets a two tier limit for the length of time that PERS 1 retirees must be separated from employment before returning to work in order to receive pension benefits while working in excess of 867 hours;
- Creates additional limits on the lifetime hours that PERS 1 retirees are allowed to work in excess of 867 hours before impacting their pension; and,
- Requires a more stringent process for the recruitment, hiring, and appointment of PERS 1 retirees if they are to qualify for anything in excess of an 867 hour limit. Human Resources will distribute hiring procedures to all managers and supervisors by July 30, 2003.

Prior to HB 1829

Currently, after retiring and separating from employment for at least one calendar month, PERS 1 retirees may return to work for up to 1500 hours per calendar year, in a PERS eligible position, before suspension of their retirement benefits. The sole limitation on the rehiring of PERS 1 retirees is that there can be no written or verbal agreement between the employer and employee prior to retirement regarding returning to work.

Under HB 1829, retirees will be subject to the following conditions:

- PERS 1 retirees returning in a PERS eligible position *at least one calendar month* but less than three calendar months after retirement may only work up to 867 hours per year without their pension stopping.
- PERS 1 retirees returning to a PERS eligible position *at least three calendar months* after retirement may work up to 1500 hours per year without their pension benefit stopping. However, there is a 1900-hour lifetime limit on the cumulative hours a PERS 1 retiree may work in excess of 867 hours in a PERS eligible position while in receipt of their pension.

The bill also:

- Mandates that the County develop and implement stringent procedures for hiring retirees back to work and the authority to hire a retiree rests with the highest public official of an employer in order to receive the 1900 lifetime limit. The stringent procedures also require justifiable documentation for rehiring a retiree.
- Forbids both verbal and written return-to-work agreements between a member and the former employer (violation of the statute is considered a criminal offense).

Current and Future Retiree Limitations

The bill goes into effect 90 days after the conclusion of the regular legislative session (July 27, 2003). The 1900-hour limit on the cumulative hours for PERS 1 retirees applies prospectively to those retiring after the effective date of this act and retroactively to those who retired prior to the effective date of the act, and shall be calculated from the date of retirement.



This means if you retired after 1/1/2002 and before 7/31/2003 and returned to work in a PERS I eligible position with any PERS participating employer, and worked in excess of 867 hours in that period, the lifetime hour limit calculation is in effect. Retirees that retire and return to work in a PERS eligible position after 7/31/2003 will begin the hour limit calculation.

HB 1829 applies only to retirees who return to work in positions that are eligible for PERS retirement benefits. Eligibility criteria for King County health and insurance benefits are different than the criteria for retirement eligibility. For details on PERS position eligibility please refer to the DRS website.

The rules established in SHB 1829 are complicated. The application of those rules requires attention to the date a PERS 1 employee retires, the date the employee returns to work and the elapsed time between retirement and return to work. The attached table displays the application of those rules as they apply to PERS 1 retirees. Failure to observe the rules can result in significant financial impact for the retiree and the County.

For Additional Information:

King County Benefit and Retirement Operations Section
206-684-1556

<http://www.metrokc.gov/finance/bros.htm>

Washington State Department of Retirement Systems
1 800 547 6657

<http://www.wa.gov/drs/>

Washington State Legislature
1 800 562 6000

<http://www.leg.wa.gov/wsladm/default.htm>

Washington State Office of Financial Management
360 902 0555

<http://www.ofm.wa.gov/>



PERS 1 Retiree Return to Work

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Department of Executive Services
Finance and Business Operations Division
Benefits and Retirement Operations Section

